

Message Text

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AMEMBASSY AMMAN
AMEMBASSY ATHENS
USINT BAGHDAD
AMEMBASSY CAIRO
AMCONGEN DHAHRAN
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MUSCAT
AMEMBASSY TEHRAN

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SUBJECT: FY 80 CAGNE TRADE PROMOTION
CURRENT SCHEDULE

REF: A) STATE 19944, B) 77 MANAMA 2404,
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1. EMBASSY BAHRAIN RECOMMENDATIONS FOR FY80 TRADE
PROMOTION EVENTS FOLLOWS THOSE MADE IN MANAMA AND
ABU DHABI REFTELS WITH EMPHISIS SWINGING FROM OUR PAST CON-
CENTRATION IN CONSTRUCTION AND HEAVY EQUIPMENT TO
LEISURE AND CONSUMER ITEMS. WE WOULD ALSO LIKE TO
SUGGEST A BROADER VIEW OF MARKET AREAS IN THIS
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REGION AND A REVISED GROUPING OF CITIES FOR TM VISITS.

2. A TRADITIONAL VIEW OF BAHRAIN AS ITS OWN MARKET
IS MISLEADING. THE SMALL POPULATION, DECLINING
OIL PRODUCTION AND LIMITED POLITICAL SIGNIFICANCE
WILL LEAD THE SMALLER, NEW-TO-MARKET U.S. FIRM,

ON WHICH THE USG SHOULD BE CONCENTRATING IN ITS PROMOTION EVENTS, TO BELIEVE THAT BAHRAIN COULD OFFER LITTLE IN RETURN FOR THE TIME AND MONEY SPENT ON OUR OFFICIAL PROMOTION EVENTS. THE USG IN WASHINGTON AND IN THE FIELD MUST DO A MUCH BETTER JOB OF EXPLAINING HOW BAHRAIN (AND OTHER SMALLER GULF COUNTRIES) SERVE A MUCH BROADER MARKET, INCLUDING SAUDI ARABIA AND IRAN. DURING THE PAST TWO YEARS, FOR EXAMPLE, ABOUT 50 PER CENT OF BAHRAIN'S NON-OIL EXPORTS HAVE GONE TO SAUDI ARABIA WITH IRAN ABSORBING ANOTHER 5-10 PER CENT. BAHRAIN EXPORTS TO SAUDI ARABIA IN 1977 ARE ABOUT \$200 MILLION ACCORDING TO EARLY FIGURES, WHICH INCLUDES NONE OF BAHRAIN'S MAJOR NON-OIL EXPORT, ALUMINIUM.

3. EVEN IF WE WERE REASONABLY SUCCESSFUL IN CONVINCING AMERICAN BUSINESSMEN THAT BAHRAIN AND OTHER GULF COUNTRIES' MARKETS ARE BROADER THAN DOMESTIC, WE BELIEVE IT WILL CONTINUE TO BE DIFFICULT TO RECRUIT SIGNIFICANT PARTICIPATION OF BAHRAIN, OMAN, QATAR AND UAE ARE PROGRAMMED TOGETHER FOR PROMOTION EVENTS. WE WOULD HOPE THAT THESE LESSER-KNOWN COUNTRIES MIGHT BE COMBINED WITH THE LARGER, BETTER-KNOWN COUNTRIES OF THE REGION FOR TRADE MISSIONS. WE PREFER TO HAVE AN EVENT IN ONE OF OUR LOWER PRIORITIES, ONE LIKELY TO DRAW MEANINGFUL PARTICIPATION FROM U.S. FIRMS BECAUSE IT WOULD INCLUDE VISITS TO

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MORE COMMERCIALY GLAMOROUS CITIES, THAN TO HAVE OUR ONLY EVENT CANCELLED WITHOUT EXPLANATION AS OCCURED THIS YEAR. GEOGRAPHIC PROXIMITY IS A POOR EXCUSE FOR TM GROUPING AS TRAVEL IS OFTEN QUICKER AND MORE CERTAIN TO MORE DISTANT POSTS TO THE NORTH AND WEST THAN TO OUR NEIGHBORS.

4. WE WOULD ALSO SUGGEST BAHRAIN FOR A WEEKEND REST IN MID-TOUR IN THIS REGION. A FULL BUSINESS DAY ON WEDNESDAY OR SATURDAY COMBINED WITH THE HALF-BUSINESS DAY ON THURSDAY WOULD BE SUFFICIENT FOR MOST TRADE MISSIONS IN BAHRAIN. ON FRIDAY WHEN LITTLE BUSINESS CAN BE CONDUCTED IN THE MIDDLE EAST, BUSINESSMEN WOULD FIND BAHRAIN RELAXING WITH A VARIETY OF RESTAURANTS AND A LEGAL DRINK.

5. OUR SPECIFIC RECOMMENDATIONS FOR FY80 TRADE PROMOTION EVENTS ARE PARTICIPATION IN THE BAHRAIN MATERIALS HANDLING SHOW IN OCTOBER 1979 AND ONE TRADE MISSION IN THE SPRING OF 1980. THE MIDDLE EAST MATERIALS HANDLING SHOW AND CONFERENCE IS PRESENTLY

SCHEDULED FOR 22-25 OCTOBER 1979. IT IS BEING MANAGED BY ARABIAN EXHIBITION MANAGEMENT WHICH IS A JOINT VENTURE BETWEEN THE U.K. EXHIBITION FIRM, MONTGOMRYS, AND A NUMBER OF WELL-PLACED BAHRAINIS. BY THAT TIME, THE LOCAL FIRM WILL HAVE ITS OWN EXHIBITION FACILITIES AND WILL HAVE MANAGED FOUR MAJOR SHOWS IN BAHRAIN. EMBASSY MANAMA WITH COOPERATION OF SHOW MANAGEMENT AND NEIGHBORING POSTS SHOULD BE ABLE TO SUPPLY REASONABLE MARKET RESEARCH INFORMATION.

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6. FOR OUR OWN TRADE PROMOTION VEHICLE WE RECOMMEND A SPECIALIZED TRADE MISSION DURING THE FEBRUARY-MARCH PERIOD. OUR FIRST CHOICE WOULD BE SPORTS AND LEISURE EQUIPMENT. BAHRAIN MIGHT WELL HAVE ONE OF LARGEST PER-CAPITA PARTICIPATIONS IN ORGANIZED SPORT, WITH THE HEIR APPARENT DIRECTLY INVOLVED AS ACTIVE CHAIRMAN OF SPORTS COUNCIL. THERE IS SIGNIFICANT U.S. INVOLVEMENT THRU CONSULTANCY CONTRACT WITH U.S. SPORTS ACADEMY OF MOBILE, ALABAMA AND ABOUT 12 AMCIT SPORTS ADVISORS IN BAHRAIN.

IN ADDITION BAHRAIN HAS SIGNIFICANT WEALTHY CLASS
WHICH CAN AND WILL PURCHASE BOATS AND BOATING/
FISHING FIXTURES, CAMPING GOODS, ETC. PRIVATE
ENTREPRENEURS ARE LOOKING FOR FACILITIES TO DEVELOP
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WHICH WILL SERVE BAHRAIN'S REPUTATION AS A
WATERING-HOLE FOR THE ARABS FROM THE MORE CONSERVATIVE
NEIGHBORING COUNTRIES. THIS WILL LIKELY INCREASE IN FY89
AS CONSTRUCTION PROCEEDS ON THE CAUSEWAY BETWEEN BAHRAIN
AND SAUDI ARABIA. A FRANCHISING TM WOULD FIT WITHIN THIS
SAME CONCEPT.

7. AN ALTERNATIVE TM SUBJECT AREA WOULD BE CONSUMER
ITEMS SUCH AS FOOD, HOUSEWARES, FURNITURE OR HOUSE
AND OFFICE FIXTURES. THE INCREASINGLY AFFLUENT
BAHRAINIS ARE CONSUMER-MINDED AND ARE NOT ENTIRELY
SATISFIED WITH THE PRESENT, PREDOMINANTLY BRITISH OR
EUROPEAN, LINES. THERE SEEMS TO BE A STRONG DESIRE
TO UPGRADE FROM THE CHEAP, MASS-PRODUCED,
BOTTOM-OF-THE-LINE ITEMS INTO NICELY FINISHED
QUALITY HOME AND OFFICE FIXTURES AND FURNITURE.

8. BAHRAIN MARKET MAY SUPPORT A SPECIALIZED TM IN
THE LATEST OFFICE EQUIPMENT, PARTICULARLY EQUIPMENT
WHICH WOULD REDUCE THE REQUIREMENT FOR SEMI-SKILLED
AND SKILLED PERSONNEL, BAHRAIN'S CURRENT SHORTAGE OF
PERSONNEL IN THESE CATEGORIES WILL CONTINUE FOR SOME
TIME AND THE COMMUNITY IS BECOMING ACQUAINTED WITH
BANKING COMMUNITY HERE. USE OF AUTOMATED FILING,
RETRIEVAL, ACCOUNTING AND INVENTORY CONTROL SYSTEMS
IS BOUND TO SPREAD RAPIDLY WHILE LABOR SHORTAGE
CONTINUES, BAHRAINIZATION PRESSURES MOUNT AND THE
LARGE TRADING FIRMS FIND IT DIFFICULT TO CONTROL
ALL THEIR SPREADING TENTACLES.

9. FINALLY, BAHRAIN MIGHT SUPPORT A TELECOMMUNICATIONS
TM BY FY80. THIS MARKET HAS BEEN A VERY DIFFICULT
ONE FOR AMERICAN ENTRY INTO BAHRAIN AS THE BRITISH
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FIRM, CABLE & WIRELESS, OWNS THE BAHRAIN FRANCHISE
AND HAS CONTROLLED MOST OF THE AGENCIES IN RELATED
FIELDS. THERE IS INCREASING TALK OF PURCHASE OF THE
MAJOR FACILITIES BY THE GOB. THIS MAY HAVE OCCURRED
OR BE CLOSE ENOUGH TO CONVINCE THE COMPANY TO BEGIN

TO LOOSEN ITS ITES BY FY80 AND THEREBY OPENING
THE MARKET TO U.S. SUPPLIERS.

10. BAHRAIN MIGHT ALSO SUPPORT A VIDEO/CATALOG SHOW
IN FY80 BUT WE ARE HESITANT TO RECOMMEND THIS
FORMAT UNTIL IT HAS BEEN TRIED. OUR FIRST TRAIL
OPPORTUNITY IS IN APRIL 1979 WHEN A HOUSEWARES SHOW IS
SCHEDULED. WE UNDERSTAND THE APPREHENSIONS EXPRESSED
BY SOME OTHER POSTS THAT THE VIDEO/CATALOGUE SHOW
WILL NOT BE ACCEPTABLE IN THIS REGION WHERE DIRECT
PERSONAL CONTACT HAS BEEN SO IMPORTANT. ON THE
OTHER HAND, BAHRAIN IS A SMALL COMPACT MARKET WITH A RATHER
SOPHISTICATED TRADING COMMUNITY WHICH MIGHT FIND THIS FORMAT
USEFUL. ALSO BAHRAIN HAS BEEN BY-PASSED OFTEN ENOUGH
BY TRADE MISSIONS TO THIS REGION THAT MERCHANTS
MIGHT NOT MISS THE PERSONAL CONTACT IF WE CAN
DISPLAY SOME NEW PRODUCTS OR SERVICES FROM NEW
SUPPLIERS. THE SECTORS LISTED IN PARAS 6 AND 7
MIGHT BE COVERED IN THIS FORMAT.
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